<u>**Notice to Outpatient Hospital Service Providers**</u>
Important Information Regarding Deductible and Coinsurance Amounts on Electronic Remittance Advice Version 3051.4a

HCFA has identified situations where the deductible and coinsurance amounts reported on ERA version 3051.4a for outpatient hospital claims are overstated. However, *the amounts on the beneficiary Medicare Summary Notice and all other ERA versions are correct.* Because the amounts on ERA version 3051.4a are overstated, there is a potential to incorrectly bill Medicare beneficiaries for a higher payment than appropriate. Providers should not forward affected claims to Medicare supplemental payers until they review the ERA coinsurance and deductible information for accuracy.

The overstatement of deductible and coinsurance on ERA version 3051.4a occurs in the following two situations.

<u>Claims with Services Paid as Outliers</u>
The ERA expects that outpatient claims will balance at the line-item level. Our pricing software for outpatient services does not allocate outlier payment amounts at the line-item level, providing the payment information for the entire claim. This results in an out-of-balance situation, causing the system to overstate the deductible and coinsurance on the remittance advice (**version 3051.4a only**). This situation occurs in our Fiscal Intermediary Standard System (FISS) and therefore only affects ERAs from Intermediaries processing claims through the FISS system.

We expect this issue to be fixed during the week of November 6, 2000.

<u>Claims with Bundled Services on Separate Lines</u>
When a provider bills bundled services as separate line items with no total charges, our code editor returns an Ambulatory Payment Classification (APC) code for the line, which results in line-level reimbursement. Since the line carries no charges, this creates an out-of-balance situation. The situation then causes the system to overstate the deductible and coinsurance on the remittance advice (**version 3051.4a only**). This situation occurs in our Fiscal Intermediary Standard System (FISS) and therefore only affects ERAs from Intermediaries processing claims through the FISS system.

We expect this issue to be fixed with the October 30, 2000 systems release.

In all cases, correct deductible and coinsurance can be calculated for outpatient claims ERA version 3051.4a as follows:

ERA via PcPrint
From the single claims report, total the line adjustments for deductible and coinsurance.

ERA via ERA 835

Total line level CAS (claim adjustment reason codes) segments for deductible and coinsurance.

ERA via Flat File
On the '33' records, total adjustments for deductible and coinsurance.

These situations were first reported by providers during the first week of September, 2000. Please be aware of these situations and continue to monitor HCFA's website for further information.